

FISCAL IMPACT STATEMENT ON BILL NO. **H.3175 – HEPW Committee Report**

(Doc. No. Unknown)

TO:	The Honorable Robert E. “Bob” Walker, Chairperson, House Education and Public Works Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Harry Bell and Ken Brown		
DATE:	March 7, 2007	SBD:	2007204

AUTHOR:	Representative Walker	PRIMARY CODE CITE:	59-35-310
SUBJECT:	Child Development Education Program		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

House Bill 3175 (House Education and Public Works Committee Report) would create the Child Development Education Program beginning in FY 2008-09. The Bill specifies that the program must be made available to all at-risk four-year-old children in the state. If funding is insufficient to serve all children then those children from the trial and plaintiff districts in Abbeville County School District et. al. vs. South Carolina must be served first.

EXPLANATION OF IMPACT:

There is a fiscal impact associated with numerous sections of the Bill. Although statewide implementation of the program does not begin until FY 2008-09 there are certain activities that are required to begin in 2008.

FY 2007-08

Section 59-35-450

Cost associated with conducting the evaluation is estimated at \$398,700. Cost estimates include the addition of .75 FTEs at the Education Oversight Committee (EOC) and assume the EOC would partner with the University of South Carolina for administration of the student assessments, professional consultation and provider surveys. This section states that beginning with FY 2007-08 the EOC may receive funds to support the collection and continuous evaluation of data.

Section 59-35-460

This section requires the agencies involved to establish an ongoing public information campaign and states that the State Department of Education (SDE) and the Office of First Steps to School Readiness are to be appropriated funds for administration to begin preparing public and private providers for implementation. A public information campaign is estimated at \$500,000 the first year which would involve a variety of media campaign strategies. On-going public information campaign costs are estimated at \$250,000 annually. One-time cost associated with making changes to SDE's data information system and making the necessary adjustments to First Steps' system is estimated at \$500,000. SDE's administration cost is estimated at \$271,600 which includes salary and fringe benefits for three additional staff. First Steps administration costs are estimated at \$460,500 which includes salary and fringe benefits for five additional staff plus other operating expenses.

Recapitulation – FY 2007-08

Total first year costs are estimated at \$2,130,800. Of that amount \$1,380,800 represents recurring expenses that will continue into FY 2008-09 and which include the on-going public information campaign, the EOC evaluation, and administration.

FY 2008-09

There are approximately 56,000 four year olds statewide and 36,170 of those children meet the definition of “At-Risk” as defined in the Bill. According to SDE 6,100 of these children are already served by Head Start programs. Cost estimates below, unless otherwise noted assume all 30,070 “At-Risk” children not served by Head Start will enroll the first year of implementation. The total number of classrooms is estimated at 2,000.

Section 59-35-340

Among other things providers must maintain individual student records including assessment and health data. SDE estimates the cost of supporting a statewide on-line system at \$10 per child. Therefore, cost associated with this requirement is estimated at \$300,700.

The Department of Social Services (DSS) estimates administrative cost associated with licensing both public and private providers at \$155,840. This includes four FTEs and \$20,000 in other operating expenses. DSS indicates the cost to providers for a license lasting two years is \$125 for each facility. There are 634 elementary schools in the state. The numbers of private providers that may participate is unknown but could be as many as 600. Therefore, total cost to providers for DSS licensing could be estimated at \$154,250.

Section 59-35-370

This section requires all teaching assistants to complete the Early Childhood Development Credential course. There are already 187 providers under the existing pilot program. Assuming 90% of all new teaching assistants would require credentialing the cost for this component based on \$450 per teaching assistant can be estimated at \$734,400. Providers must also have all instructional personnel participate in at least fifteen hours of professional development. Assuming there are 4,000 instructional staff in 2,000 classrooms the cost can be estimated at \$750,000 which equates to \$12.50 per hour of instruction. Total credentialing and professional development costs are estimated at \$1,484,400.

Section 59-35-390

The amount that may be appropriated for transportation for those students choosing a public provider is established at no more than \$185 per student. Section 59-35-420 allows for a \$550 appropriation for transportation of those students who choose a private provider. Using the 30,070 enrollment estimate provided above and assuming two-thirds of the students will enroll with a public provider while one-third will enroll with a private provider the total annual cost for transportation can be estimated at \$9,221,345.

Section 59-35-420 (A)

Assuming enrollment of 30,070 students the total cost can be estimated at \$118,205,170 based on a funding rate of \$3,931 per child. For fiscal impact purposes it is assumed any cost associated with parenting education (59-35-360) would be covered with these funds.

Section 59-35-420 (B)

Each of the existing 187 classrooms operating under the pilot program would be eligible for \$2,500 annually starting in FY 2008-09 for a total cost of \$467,500. In addition, all new classrooms would be eligible for a \$10,000 grant the first year of statewide implementation. The number of new classrooms can be estimated at 1,813 (for a total of 2,000). At \$10,000 per new classroom the total cost can be estimated at \$18,597,500 (including the amount noted above for existing classrooms).

Recapitulation – FY 2008-09

Based on the assumption noted above the total estimated cost is \$149,500,005. However, existing EIA appropriations of \$21,832,678 can be used to satisfy the requirements of this program by 2008-09. In addition there are non-recurring appropriations of \$23,575,680 in FY 2006-07 for the pilot program. Therefore, net additional cost to the State as compared to existing recurring funds is \$127,667,327. As compared to the FY 2006-07 total funding level (including non-recurring) the total net additional funding needed is \$104,091,647. Cost estimates for FY 2008-09 are summarized below.

<u>H.3175 - Summary</u>	
Assuming 30,070 Four-Year-Olds Served	
	<u>FY 2008-09</u>
Administration - All Agencies (Including 12 FTEs)	887,940
On-Going Public Information Campaign	250,000
EOC Evaluation (Including .75 FTE)	398,700
Student Records - Assessment Data, etc.	300,700
DSS licensing - Provider Cost	154,250
Professional Development - Credentialing	1,484,400
Transportation - \$185 or \$550	9,221,345
Per Child Funding - \$3,931	118,205,170
Classroom Funding - \$10,000 & \$2,500	<u>18,597,500</u>
Total Program Cost	\$149,500,005
Existing EIA Appropriation	<u>21,832,678</u>
Net Cost Above FY 2006-07 Recurring Appropriations	\$127,667,327
FY 2006-07 Non-Recurring Appropriations - CDEPP	<u>23,575,680</u>
Net Cost Above FY 2006-07 Total Appropriations	\$104,091,647

SPECIAL NOTES:

If 22,550 (75% of the 30,070 referenced above) four-year-olds enrolled the total cost could be estimated at \$114,616,050. This also assumes there would be a total of 1,700 classrooms (as opposed to 2,000). Net additional cost to the State taking existing EIA funds into consideration can be estimated at \$92,783,372. As compared to the FY 2006-07 total appropriations (including non-recurring) the total net additional funding needed would be \$69,207,692.

Approved by:



Don Addy
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